

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0292-01
Bill No.: HB 87
Subject: Appropriations; Corrections Department; Law Enforcement Officers and Agencies
Type: Original
Date: February 23, 2011

Bill Summary: This proposal provides an annual 2% pay increase in FY 2013 through FY 2015 for non-custodial employees in certain divisions of the Department of Corrections.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	\$0	(\$2,622,276)	(\$5,296,998)
Total Estimated Net Effect on General Revenue Fund	\$0	(\$2,622,276)	(\$5,296,998)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Working Capital Revolving	\$0	(\$208,614)	(\$421,400)
Inmate Revolving	\$0	(\$10,064)	(\$20,329)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	(\$218,678)	(\$441,729)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Federal Funds	\$0	(\$66,574)	(\$134,480)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	(\$66,574)	(\$134,480)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Corrections (DOC)** state this bill proposes to increase the pay rate of non-custody employees for three of the five divisions within DOC for FY13, 14 and 15: the Division of Adult Institutions (DAI); The Division of Offender Rehabilitative Services (DORS); and the Division of Human Services (DHS). Staff who work for the Office of the Director (OD) and Division of Probation and Parole (P&P) are not included in this analysis. Pay increases and resulting 28.25% partial fringe benefit increase (since these staff are current personnel and don't require the entire benefit calculated) for each year following FY13 were calculated cumulatively per annum for this analysis even though the bill is somewhat ambiguous in this respect.

The allowed inflation rate is not used for subsequent years following the first as these increases are simply an estimate. Proposed fiscal note expenditures for FY15 would follow the same calculations and expenditures rate, but are beyond the scope of this three-year note. Estimated expenditures were calculated using a snapshot in time of personnel data.

The TOTAL 2% pay and 28.25% fringe benefit increase for these DOC Divisions would amount to \$2,907,528 in FY13, \$2,965,679 in FY14 and \$3,024,992 in FY15 with the following funding breakdown:

- The General Revenue (GR) portion would be \$2,622,276 in FY13, \$2,674,722 in FY 14 and \$2,728,216 in FY15.
- The Federal Funds (FF) would be \$66,574 in FY13, \$67,906 in FY14 and \$69,264 in FY15.
- The Working Capital Revolving Fund (WCRF) would be \$208,614 in FY13, \$212,786 in FY14 and \$217,042 in FY15.
- The Inmate Revolving Fund (IRF) would be \$10,064 in FY13, \$10,265 in FY14 and \$10,471 in FY15.

Exact increases per staff person's salary as of July 1, 2012 (and each subsequent year pursuant to the bill) would require calculation at the time of the increase if this bill were passed as law, therefore the "unknown factor" exists for this fiscal note.

ASSUMPTION (continued)

Officials from the **Office of Administration - Division of Personnel (COA/DOP)** state the proposed legislation creates a separate pay grid for all non-custodial DOC employees in the Division of Adult Institutions, Division of Offender Rehabilitation Services and the Division of Human Services. We have interpreted that to mean all employees except Corrections Officer I, II, and III, and Corrections Supervisors I and II. This would encompass approximately 3,243 employees in 148 job classifications.

DOC/HR staff would be responsible to change two fields on the Employee Status Maintenance Table (ESMT) to override the grade. This process is further complicated by the fact that many of those UCP job titles also exist in other agencies, as well as in other DOC divisions. We could potentially have employees in the same job title, being paid on different grade levels. New procedures for implementing the pay increases would need to be developed for employees that involve changes from one grid to the other.

COA/DOP utilized the following assumptions:

1. Pay increases of 2% were calculated for all included positions.
2. Non-custody employees are defined as all job titles other than Corrections Officers I, II, and III, and Corrections Supervisors I and II.
3. Division of Probation & Parole and Office of the Director staff were not included.
4. Included 63 unclassified positions.
5. All pay rates were annualized for the purpose of calculations.
6. No increase was requested for FY 2012, effective July 1, 2011, so pay increases were calculated for FY 2013, effective July 1, 2012, and FY 2014, effective July 1, 2013. The current fiscal note format does not provide room for years beyond FY 2014.
7. It was assumed that there were no other pay increases implemented for FY 2012, effective July 1, 2011.
8. Adjustments were made based on existing employees. A fringe benefits percentage of 28.25% was used in calculating costs.
9. All amounts calculated as increases year to year are non-cumulative, i.e., increases for FY13 are assumed to be built into the core budget for FY14, etc.
10. Calculations for FY13 and FY14 include current employees as of December 2010. It would be difficult to estimate the number of new hires per year, as well as the number of employees promoted within existing series/positions. As such, the calculations do not include those projections.
11. The fiscal note worksheet does not include a cost of living increase for FY12, and includes a 1% increase for FY13 and FY14. Calculations incorporate annual increases as built into the fiscal note form itself. It does not include any pay plan recommendations by the PAB which may be approved by the Governor and the General Assembly.

ASSUMPTION (continued)

COA/DOP assumes the proposal would result in a cost to the General Revenue Fund of \$2,634,041 in FY 2013 and \$2,713,588 in FY 2014.

Oversight will utilize DOC's estimates for fiscal impact for the first fiscal year the proposal would have impact (FY 2013). Oversight assumes the three annual raises will have a cumulative effect for fiscal years 2014 and 2015; therefore, Oversight will reflect the cumulative impact in FY 2014. FY 2015 is beyond the scope of the fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE			
<u>Costs</u> - annual 2% pay increase to non-custodial employees beginning July 1, 2012	<u>\$0</u>	<u>(\$2,622,276)</u>	<u>(\$5,296,998)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0</u>	<u>(\$2,622,276)</u>	<u>(\$5,296,998)</u>
WORKING CAPITAL REVOLVING FUND			
<u>Costs</u> - annual 2% pay increase to non-custodial employees beginning July 1, 2012	<u>\$0</u>	<u>(\$208,614)</u>	<u>(\$421,400)</u>
ESTIMATED NET EFFECT TO THE WORKING CAPITAL REVOLVING FUND	<u>\$0</u>	<u>(\$208,614)</u>	<u>(\$421,400)</u>

FISCAL IMPACT - State Government
 (continued)

FY 2012
 (10 Mo.)

FY 2013

FY 2014

INMATE REVOLVING FUND

Costs - annual 2% pay increase to non-custodial employees beginning July 1, 2012

\$0

(\$10,064)

(\$20,329)

**ESTIMATED NET EFFECT TO THE
 INMATE REVOLVING FUND**

\$0

(\$10,064)

(\$20,329)

FEDERAL FUNDS

Costs - annual 2% pay increase to non-custodial employees beginning July 1, 2012

\$0

(\$66,574)

(\$134,480)

**ESTIMATED NET EFFECT TO THE
 FEDERAL FUNDS**

\$0

(\$66,574)

(\$134,480)

FISCAL IMPACT - Local Government

FY 2012
 (10 Mo.)

FY 2013

FY 2014

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

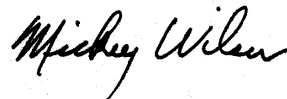
FISCAL DESCRIPTION

Subject to appropriations, this bill provides an annual 2% pay increase in Fiscal Year 2013 through Fiscal Year 2015 for non-custodial employees working for the divisions of Adult Institutions, Offender Rehabilitation Services, and Human Services within the Department of Corrections.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Corrections
Office of Administration

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 23, 2011